

5. Capital Revenue Sources

Based on current development fees and projected population growth, revenue from park development fees is expected to be approximately \$5.5 million by the year 2010. The recommended Master Plan capital improvements exceed the funding capability of the City's Parks Development Fund, which is funded by development impact fees. Implementation strategies are needed to guide the most effective allocation of park development funds. In order to accomplish all master plan goals, additional funding sources will be required. Several alternative funding sources exist that should be actively pursued to supplement the park development fund.

Capital Improvements Total Master Plan	\$23,000,000
Projected Park Development Fund Revenue	\$5,500,000
Estimated Unfunded Master Plan Capital Improvements	(\$17,500,000)

FUNDING ALTERNATIVES

Park Development Fee

The purpose of the Park Development Fee is to fund the acquisition and development of new and existing City park and recreation facilities. The use of the fee is to increase the capacity of public park and recreation facilities in response to the impact of new residential development. The "Quimby Act" and AB 1600 provide the legal authority to cities to access impact fees in relation to new development.

The City of Hollister's predominate funding source for acquisition and development is the impact fee. While this cannot be the answer to all park funding needs, the current impact fee can be updated to current land value and development costs.

Joint Projects

Joint projects in partnership with other agencies can allow for sharing acquisition, development and operations costs. Joint use agreements need to clearly establish responsibilities for operations and scheduled use of the facility. Joint projects have been successful in Hollister. Some aquatics facilities in Santa Clara County have been built at high schools for joint use with the community. Joint use projects can also lead to leveraging additional funds that would not have been available without a joint use agreement. For example, in North Monterey County a new gymnasium will be built for school and community use at a middle school. Funding included a \$500,000 state grant that required a joint use agreement between the school district and the local park district.

Nonprofit Foundation

A nonprofit “Friends of Hollister” foundation could be established to raise funds for capital projects and recreation programs. A broad based coalition of recreation advocates could assist in private fund raising efforts. A foundation has been recently organized to support Santa Clara County Parks facilities and programs.

Grants

Several grant sources exist that should be actively pursued for supplemental funding. Projects that are especially appropriate for grant funding include: programs and facilities for youth; preschool and after school programs; natural areas acquisition; trails and park preserves; and cultural programs.

Several communities have been successful in securing federal transportation grants for trails as a part of an overall circulation system. Community Development Block Grants have frequently been used to fund programs for youth as well as after school and child care programs.

Corporate Sponsorships

Corporate sponsorships can be pursued to support both facility and program funding. Some corporations, such as Pepsi, have programs to fund park development.

Environmental Enhancement and Mitigation Program (EEMP) has been annually funded for land acquisition, restoration and trail improvements in California. State Parks "Natural Areas Heritage Program" funds land acquisition, restoration and public access (trails). Parks Bond Act 2000 (Proposition 12) is a source for competitive and per capita grant programs for recreation.

Private Donations

Many individuals, businesses and trusts may be interested in contributing toward recreation facilities and programs. Contributions might include cash, land, and/or materials. If a nonprofit foundation is established, contributions could be tax deductible. Over \$500,000 was raised by the local swim team to build the Simpkins Family Swim Center in Santa Cruz County.

**Alternative Acquisition
Techniques**

For some projects such as trails, easement dedication should be pursued in lieu of fee simple ownership. Land donation for parks and other facilities can also be pursued, which can have tax benefits for the donor.

**Transient Occupancy
Tax**

This tax, often called the hotel tax, is added to hotel room fees. All or a portion of this tax could be dedicated to recreation facilities and programs. A significant portion of

the Monterey Sports Center and improvements to numerous Monterey city parks were funded through a transient occupancy tax.

**Benefit Assessment
District**

Several mechanisms exist to establish an “assessment” on property for which benefits would be received. In this case, the benefit to property owners would be enhanced recreational opportunity. Since passage of Proposition 218, establishment of new assessment districts is more difficult and requires voter approval.

Bonding

If a regular funding source is dedicated for long term debt repayment, then funds can be borrowed for capital improvements that are repaid over time with interest. Bonding is advantageous to capitalize on unique opportunities that may not be available over time. However, the repayment of bond debt with interest means that a significant portion of the long term bond cost is applied toward debt repayment instead of capital improvements.

**Borrowing from City
Funds**

Funds could also be borrowed from other City accounts and then reimbursed over time without interest.

**Park & Recreation
District**

The City may be able to create its own Parks and Recreation District, which would guarantee a percentage of City revenues to be allocated to parks and recreation facilities and programs. The City Council could serve as the District’s Board of Directors, eliminating the need for any additional bureaucracy. Such a system would allow for a more regular revenue flow for parks and recreation not subject to shifting political priorities.

Conclusion

Clearly, achieving all of the Master Plan’s recommendations will require securing additional funding sources and enhancing partnerships between the City, public agencies and private organizations.

The following table indicates the range of potential funding sources available to achieve recommended capital projects.

The next chapter recommends strategies and time lines for achieving the Capital Improvements recommendations over the next 10 years.

Table 12
Potential Alternative Funding Source

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